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The United Kingdom: Background, Brexit, and Relations with the United States

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SUMMARY

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The United Kingdom: Background, Brexit, and Relations with the United States

Many U.S. officials and Members of Congress view the United Kingdom (UK) as the United States' closest and most reliable ally. This perception stems from a combination of factors, including a sense of shared history, values, and culture; a large and mutually beneficial economic relationship; and extensive cooperation on foreign policy and security issues. The UK's January 2020 withdrawal from the European Union (EU) is likely to change its international role and outlook in ways that affect U.S.-UK relations.

Conservative Party Wins December 2019 Election

The government of the UK is led by Prime Minister Boris Johnson of the Conservative Party. Since 2016, UK domestic politics have been dominated by *Brexit*, the UK's decision to leave the EU. In an early election held in December 2019—called in order to break political deadlock over how and when the UK would exit the EU—the Conservative Party secured a sizeable parliamentary majority, winning 365 seats in the 650-seat House of Commons. The election results paved the way for Parliament's approval of a withdrawal agreement negotiated between Johnson's government and the EU.

UK Leaves the EU, Transition Period Begins

On January 31, 2020, the UK's 47-year EU membership came to an end. The UK-EU withdrawal agreement sets out the terms of the UK's departure from the EU. It addresses several key issues, including UK and EU citizens' rights and financial obligations. A key stumbling block in the withdrawal negotiations related to arrangements for the border between Northern Ireland (part of the UK) and the Republic of Ireland (a member of the EU). The withdrawal agreement essentially establishes a customs border in the Irish Sea, with Northern Ireland maintaining regulatory alignment with the EU in order to preserve an open border and protect the Northern Ireland peace process.

The withdrawal agreement includes a transition period, currently scheduled to last through the end of 2020, during which the UK is expected to continue following EU rules while it attempts to negotiate with the EU on a free trade agreement and a range of other issues. At the conclusion of the transition period, the UK, including Northern Ireland, is expected to leave the EU customs union, allowing the UK to pursue an independent national trade policy.

Economic and Trade Issues

As industries face continuing uncertainty regarding the terms of the UK's trade and economic relationship with the EU, many economists suggest that Brexit is likely to pose a drag on the UK's economic growth through the medium term. Advocates of Brexit argue that the ability to diverge from EU regulations, combined with an emphasis on concluding new international trade deals, including with the United States, will ultimately benefit the UK economy.

U.S.-UK Relationship

Since deciding to leave the EU, the UK has sought to reinforce its close political and economic ties with the United States and reaffirm its place as a leading country in NATO. President Trump has expressed a largely positive view of the UK and strongly supported Brexit. At the same time, President Trump remains a controversial figure in the UK, and polls indicate that a large percentage of the British public views him negatively.

Most analysts believe that the two countries will remain close allies that cooperate on many diplomatic, security, and economic issues. President Trump and some Members of Congress have expressed support for the idea of concluding a bilateral free trade agreement with the UK. The UK is the world's sixth-largest economy and remains a major financial center. The UK also has the world's sixth-largest defense expenditure, but U.S. officials have expressed concerns about past UK defense cuts and the UK military's ability to generate and sustain capabilities.

Given its role as a close U.S. ally and partner, developments in the UK, post-Brexit negotiations between the UK and the EU, and the UK's relations with the United States are of continuing interest to the U.S. Congress. This report provides an overview and assessment of some of the main dimensions of these topics. For additional information, see CRS Report R45944, *Brexit: Status and Outlook*, coordinated by Derek E. Mix and CRS In Focus IF11123, *Brexit and Outlook for U.S.-UK Free Trade Agreement*, by Shayerah Ilias Akhtar.

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Introduction

The modern relationship between the United States and the United Kingdom (UK) was forged during the Second World War. It was cemented during the Cold War, as both countries worked together bilaterally and within NATO to counter the threat of the Soviet Union.

The United States and the UK are two of the five permanent members of the United Nations Security Council, and both are founding members of NATO. In the early 1990s, the UK was an important U.S. ally in the first Gulf War, and the two countries later worked together in stabilization and peacekeeping operations in the Balkans. The UK was the leading U.S. ally in the 2003 invasion of Iraq and subsequent stabilization operations and remains a leading contributor to the NATO-led mission in Afghanistan. The UK also remains an important U.S. partner in numerous other ongoing global security challenges, such as combatting international terrorism, countering the Islamic State terrorist group and affiliates, and opposing Russia's annexation of Crimea and actions destabilizing Ukraine, including by supporting strong sanctions in response to these actions.

The UK is the sixth-largest economy in the world and a major financial center. The United States and the UK share an extensive and mutually beneficial trade and economic relationship, and each is the other's largest foreign investor.

U.S. and UK officials, from the Cabinet level down, consult frequently and extensively on many global issues. In recent decades, American and British diplomats have often turned to each other first when seeking to build support for their respective positions in multilateral institutions or during times of crisis, as in the immediate aftermath of the 9/11 attacks on the United States. British input has often been cited as an element in shaping U.S. foreign policy debates.

Some observers assert that a common language and cultural similarities, as well as the habits of cooperation that have developed over the years, contribute to the ease with which U.S. and UK policymakers interact with each other. The term *special relationship* has often been used to describe the high degree of mutual trust between the two countries in cooperating on diplomatic and political issues. The relationship also encompasses close intelligence-sharing arrangements and unique cooperation in nuclear and defense matters.

Domestic Political Situation

The government of the UK is led by Prime Minister Boris Johnson of the Conservative Party (see **Figure 2**). He became prime minister in July 2019, following the resignation of Theresa May after she was unable to secure Parliament's approval for the withdrawal agreement her government negotiated with the European Union (EU).[1] Seen by many as a colorful and polarizing figure who was one of the leading voices in the campaign for the UK to leave the EU, Johnson previously served as UK foreign secretary in the May government from 2016 to 2018 and mayor of London from 2008 to 2016.

Johnson inherited a Conservative minority government that controlled a one-seat parliamentary majority by virtue of support from the Democratic Unionist Party (DUP), the largest unionist

[1] Theresa May became prime minister in July 2016, after David Cameron resigned in the wake of leading the unsuccessful campaign for the United Kingdom (UK) to remain in the European Union (EU). She remained prime minister at the head of a minority government after the Conservative Party lost its parliamentary majority in an early election held in June 2017.

party in Northern Ireland.[2] The Conservative-DUP arrangement lost its parliamentary majority in September 2019, however, after discord over the government's approach to leaving the EU (commonly termed *Brexit)* resulted in the defection or expulsion from the party of more than 20 Conservative Members of Parliament (MPs). The Johnson government renegotiated a new withdrawal agreement with the EU in October 2019 but faced political deadlock after Parliament required the government to request a three-month extension to the Brexit deadline. In order to break the deadlock, Parliament agreed to set an early general election for December 12, 2019.

With Brexit the defining issue of the campaign, the Conservative Party achieved a decisive victory, winning 365 out of 650 seats in the House of Commons, an increase of 47 seats compared to the 2017 election (see **Figure 1**). The opposition Labour Party, unable to present a clear alternative vision of Brexit to the electorate and unable to gain sufficient traction with voters on issues beyond Brexit, suffered a substantial defeat with the loss of 59 seats.[3] The Scottish National Party gained 13 seats to hold 48 of the 59 constituencies in Scotland, a result likely to recharge the pro-independence movement in Scotland, where more than 60% of voters in the 2016 Brexit referendum had supported remaining in the EU.[4]

Figure 1. December 2019 UK General Election Results

Party	#of Seats	Net # of Seats +/-	% of Vote
Conservative Party	365	+47	43.6%
Labour Party	203	-59	32.2%
Scottish National Party	48	+13	3.9%
Liberal Democrats	11	-1	11.5%
Democratic Unionist Party	8	-2	0.8%
All Others	15	+2	7.9%

Source: "UK Results: Conservatives Win Majority," BBC News, at https://www.bbc.com/news/election/2019/results.

The election outcome put the UK on course to withdraw as a member of the EU by the new deadline of January 31, 2020. After the election, the UK government introduced a revised European Union (Withdrawal Agreement) Bill, which became law on January 23, 2020.[5] The UK

[2] The arrangement was not a formal coalition but rather a "confidence and supply" arrangement allowing the Democratic Unionist Party (DUP) certain concessions in return for its support in passing the budget and backing the government in any no-confidence votes, with legislation supported on a case-by-case basis.

[3] "General election 2019: Blair attacks Corbyn's 'comic indecision' on Brexit," BBC News, December 18, 2019.

[4] Severin Carrell, "Sturgeon demands Scottish independence referendum powers after SNP landslide," *Guardian*, December 13, 2019.

[5] Chris Morris, "What is the Withdrawal Agreement Bill?," BBC News, January 23, 2020. Also see Parliament website, *European Union (Withdrawal Agreement) Act 2020*, at https://services.parliament.uk/bills/2019-20/europeanunionwithdrawalagreement.html.

government subsequently ratified the withdrawal agreement. The European Parliament voted its consent to the agreement on January 29, 2020, and the Council of the EU completed the EU's ratification the following day.[6] On January 31, 2020, the UK concluded its 47-year membership in the EU. Brexit remains a predominant issue in UK politics, however, as the UK and the EU have entered new negotiations to determine their future relationship.

Coronavirus Disease 2019 in the United Kingdom (UK)

In March 2020, the UK, like the United States and many other countries in Europe and around the world, began to undertake socially and economically disruptive measures in an attempt to slow the spread of the Coronavirus Disease 2019, or COVID-19, pandemic. On March 23, 2020, Prime Minister Boris Johnson announced a nationwide lockdown, a strategic U-turn after facing criticism that the government had waited too long to take action. On March 27, 2020, Prime Minister Johnson and Health Secretary Matt Hancock announced they had tested positive for the virus and were self-quarantining after developing mild symptoms. As with other countries, the pandemic is likely to have considerable economic consequences for the UK and may affect the timeline for the post-Brexit transition period and negotiations with the EU.

Sources: Michael Savage, "Boris Johnson To Warn UK: Tougher Lockdown May Be Necessary," *Guardian*, March 29, 2020; Ed Yong, "The U.K.'s Coronavirus 'Herd Immunity' Debacle," *The Atlantic*, March 16, 2020; Ailbhe Rea, "Why Aren't We On Lockdown For Coronavirus Yet?," *New Statesman*, March 12, 2020.

Figure 2. United Kingdom at a Glance: Map and Basic Facts

Overview

Area: approximately 94,058 square miles, about twice the size of Pennsylvania.

Population: approximately 66.9 million.

Constituent Countries Percentage of Population: England 84%, Scotland 8%, Wales 5%, N. Ireland 3%.

Languages: English, recognized regional languages are Scots, Scottish Gaelic, Welsh, Irish, and Cornish.

Religions: Christian (Anglican, Roman Catholic, Presbyterian, Methodist) 59.5%, Muslim 4.4%, Hindu 1.3%, other/none/unspecified 34.9%.

Currency: British pound sterling, £1=$1.18.

Economy

Gross Domestic Product (GDP), 2019 (current prices): approximately $2.74 trillion.

Per Capita GDP: approximately $41,030.

Political Leaders

Head of State: Queen Elizabeth II

Prime Minister (Head of Government): Boris Johnson

Foreign Secretary: Dominic Raab

Defense Secretary: Ben Wallace

Home Secretary: Priti Patel

International Trade Secretary: Elizabeth Truss

Sources: Created by CRS using data from the U.S. Department of State and ESRI. Fact information from International Monetary Fund, *World Economic Outlook database* (October 2019) and CIA World Factbook.

[6] Council of the European Union, *Brexit: Council Adopts Decision to Conclude the Withdrawal Agreement*, January 30, 2020.

Brexit Background and Update[7]

The UK's history with the EU has been characterized by ambivalence since the start of the EU project. Fearing a loss of national sovereignty and influence, the UK stood aside in the 1950s when the six founding countries (Belgium, France, Italy, Luxembourg, Netherlands, and West Germany) launched the first steps of European integration. The UK joined the precursor of the modern-day EU in 1973, largely to derive the economic benefits of membership but also to have a political voice on the inside as integration took shape.

Nevertheless, many British leaders and citizens (perhaps most notably including former Prime Minister Margaret Thatcher) remained skeptical about the EU. The UK "opted out" of several major elements of European integration, such as the euro currency and the passport-free Schengen Area. British "euro-skeptics" have frequently expressed frustration that the EU tends to focus too much on internal treaties and process rather than taking a pragmatic approach to priorities such as boosting economic competitiveness, promoting a common energy policy, or improving European defense capabilities.

In a national referendum held in June 2016, 52% of UK voters favored leaving the EU. The referendum exposed significant regional and demographics fault lines in the UK and its result was divisive, with large segments of the population remaining opposed to Brexit. In March 2017, the UK officially notified the EU of its intention to leave the bloc, and the UK and the EU began negotiations on the terms of the UK's withdrawal.[8] Brexit was originally scheduled to occur on March 29, 2019, but the UK Parliament was unable to agree on a way forward due to divisions over what type of Brexit the UK should pursue and challenges related to the future of the border between Northern Ireland (part of the UK) and the Republic of Ireland (an EU member state).

The lack of an apparent solution to the Irish border question, with both sides intent on avoiding a *hard border* with customs checks and physical infrastructure between Northern Ireland and the Republic of Ireland, led Theresa May's government to agree to a *backstop* provision in the withdrawal agreement. The backstop provision, which would have kept the UK in the EU customs union until the two sides agreed on their future trade relationship, was intended to protect cross-border trade and preserve the peace process between parties to Northern Ireland's long sectarian conflict.[9] The EU also viewed the backstop as necessary to ensure that Brexit would not violate the rules and structure of the EU single market. Additionally, the backstop arose in the context of the DUP's adamant rejection of a Northern Ireland-only provision, which the DUP contended would create a regulatory barrier in the Irish Sea between Northern Ireland and the rest of the UK; and thus would threaten the UK's constitutional integrity.[10]

The backstop provision became one of the main obstacles to securing Parliament's approval of the withdrawal agreement. Critics noted that the UK would be unable to conduct an independent national trade policy, one of the main selling points for Brexit's supporters, as long as the UK remained a member of the EU customs union.

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[7] For additional background information about Brexit, including additional information on trade issues and Northern Ireland, see CRS Report R45944, *Brexit: Status and Outlook*, coordinated by Derek E. Mix.

[8] The UK notified the EU by formally invoking Article 50 of the Treaty on European Union, the legal mechanism under which a member state may withdraw from the EU.

[9] See CRS Report R46259, *Northern Ireland: The Peace Process, Ongoing Challenges, and U.S. Interests*, by Kristin Archick.

[10] See Office of the Prime Minister, *Commitments to Northern Ireland*, December 8, 2017.

The Renegotiated Withdrawal Agreement

On October 17, 2019, the European Council (the leaders of the current 27 member states (EU27)) endorsed a new withdrawal agreement negotiated by the European Commission and the UK government.[11] The new agreement replicates most of the main elements from the original agreement reached in November 2018 between the EU and the government of then-Prime Minister May, including

- guarantees pertaining to the rights of the approximately 3 million EU citizens residing in the UK and the approximately 1 million UK citizens residing in the EU;
- a commitment by the UK to pay the EU £39 billion (approximately $46 billion) to settle outstanding budgetary and financial pledges; and
- a transition period, lasting through 2020, in which the UK would be bound to follow all rules governing the EU single market while the two sides negotiate their future relationship and implement steps needed to effect an orderly separation.

The main difference in the new withdrawal agreement compared with the November 2018 original is in the documents' respective Protocols on Ireland/Northern Ireland (i.e., the backstop). Under the new withdrawal agreement, Northern Ireland remains legally in the UK customs territory but practically in the EU customs union, which essentially will create a customs border in the Irish Sea. (The DUP also opposed the revised protocol for this reason.) Main elements of the new protocol include the following:

- Northern Ireland remains aligned with EU regulatory rules, thereby creating an all-island regulatory zone on the island of Ireland and eliminating the need for regulatory checks on trade in goods between Northern Ireland and Ireland.
- Any physical checks necessary to ensure customs compliance are to be conducted at ports or points of entry away from the Northern Ireland-Ireland border, with no checks or infrastructure at this border.
- Four years after the arrangement comes into force, the Northern Ireland Executive and Assembly must consent to renew it (this vote presumably would take place in late 2024 after the arrangement takes effect at the end of the transition period in December 2020).
- At the end of the transition period (the end of 2020), the entire UK, including Northern Ireland, will leave the EU customs union and conduct its own national trade policy.

The political declaration attached to the withdrawal agreement envisions a future UK-EU relationship consisting of "an ambitious, broad, deep, and flexible partnership across trade and economic cooperation with a comprehensive and balanced Free Trade Agreement at its core."[12]

[11] Department for Exiting the EU, *New Withdrawal Agreement and Political Declaration*, October 19, 2019, at https://www.gov.uk/government/publications/new-withdrawal-agreement-and-political-declaration (hereinafter cited as Department of Exiting the EU, *New Withdrawal Agreement*).

[12] Department for Exiting the EU, *New Withdrawal Agreement*.

Transition Period

With the UK's formal exit from the EU on January 31, 2020, an 11-month transition period began. During the transition period, the UK is expected to continue following all EU rules and remain a member of the EU single market and customs union. The withdrawal agreement allows for a one- or two-year extension of the transition period, but Prime Minister Johnson strongly opposes the idea of an extension. The Johnson government inserted language in the European Union (Withdrawal Agreement) Act 2020 that the transition period will conclude at the end of 2020 without an extension.[13]

UK-EU Negotiations on the Future Relationship

The UK intends to negotiate a free trade agreement (FTA) with the EU, with the aim of concluding an agreement by the end of the transition period. Negotiations are also expected to address the numerous other areas related to the broader economic relationship, such as financial services regulation, environmental and labor standards, state aid, fisheries, transportation, and aviation. The extent to which the Johnson government intends to maintain regulatory alignment with the EU on many of these issues, or whether it seeks to diverge from EU regulations and set its own standards, is expected to be a key sticking point in negotiations on the trade and economic relationship.[14] Beyond trade and economic relations, negotiations on the future UK-EU relationship are expected to seek a comprehensive partnership covering issues including security and defense, foreign policy, energy, judicial and law enforcement cooperation, and data sharing.

Officials and analysts have expressed doubts that such comprehensive negotiations can be concluded within an 11 month period.[15] The two sides could temporarily address some areas, such as road transportation and aviation, through side deals granting interim provisions. Although the UK and EU opened talks in early March 2020, the spread of the Coronavirus Disease 2019, or COVID-19, has forced a pause in negotiations. In light of the pandemic, some analysts suggest that Prime Minister Johnson may be forced to seek an extension of the transition period.[16]

An outcome in which the transition period ends without an agreement on the UK-EU relationship could resemble many aspects of a *no-deal Brexit*; assessments of the potential impact of a no-deal Brexit, a scenario in which the UK exited the EU without a negotiated withdrawal agreement, concluded that it could have caused considerable disruption, with negative effects on the economy, trade, security, and other issues.[17] Should the transition period end without a UK-EU

[13] Alasdair Sandford, "What Has Changed With Boris Johnson's New Brexit Bill?" *Euronews*, December 20, 2019.

[14] George Parker and Jim Brunsden, "UK and EU Set to Table Competing Draft Trade Deals," *Financial Times*, March 9, 2020. See also Sam Lowe, *The Future EU-UK Relationship and the (Relative) Case for Optimism*, Centre for European Reform, March 2, 2020.

[15] William James and Marc Jones, "'Basically Impossible' to Agree Full EU-UK Deal by Year End: EU Head," Reuters, January 8, 2020.

[16] Amanda Sloat, *Brexit Is Not Immune To Coronavirus*, Brookings Institution, March 26, 2020.

[17] In September 2019, a parliamentary motion forced the UK government to publish a secret document outlining its planning assumptions for a no-deal Brexit. Among other possibilities, the document discussed border delays for travelers and transport services; a potential decrease in the availability of certain types of fresh food; price increases for food, fuel, and electricity; disruption in the supply of medicines and medical supplies; and a potential rise in public disorder and community tensions. Government officials stressed that the document represented "reasonable worst case planning assumptions" rather than a base scenario. See Cabinet Office, *Government Response to Humble Address Motion*, September 11, 2019 and The UK in a Changing Europe, *No Deal Brexit: Issues, Impacts, Implications*, September 4, 2019.

FTA or other agreement on the future economic relationship, UK-EU trade and economic relations would be governed by World Trade Organization (WTO) rules.

The provisions of the revised protocol on Ireland-Northern Ireland are expected to take effect at the end of the transition period. Observers have questioned how exactly the revised protocol will be implemented, including where and how customs checks will take place.[18] Such issues are to be decided by a joint committee (of UK and EU officials) during the transition period. Implementation is likely to remain a work in progress. Both parties seek to protect the Good Friday Agreement; the EU seeks to safeguard its single market, and the UK seeks to preserve its constitutional integrity.

Brexit and the UK Economy

Many economists expressed concerns that Brexit would cause an economic shock that could leave the UK facing weaker economic growth, higher inflation, job losses, and depreciation of the pound, with potentially significant negative consequences for the U.S. and global economies. Advocates of Brexit have maintained that such economic fears are greatly exaggerated and that, free from EU regulations, "Global Britain" will be able to forge new trade relationships with dynamic, emerging economies while remaining a preeminent international banking and financial center.

UK Trade and Economy: Basic Facts

The "service sector" accounts for approximately 80% of the UK's GDP.

Trade with the EU: In 2018, trade with EU member countries accounted for approximately 49.4% of the UK's goods and services trade.

Top 5 Export Destinations (2018): United States, Germany, Netherlands, France, Ireland.

Top 5 Import Sources (2018): Germany, United States, Netherlands, China, France.

Sources: UK Office for National Statistics; UK Department for International Trade, *UK Trade in Numbers*, September 2019.

Although the most dire predictions appear to have subsided, concerns remain that Brexit will pose a long-term drag on the UK economy. Economic growth was approximately 1.4% in 2018 and 1.2% in 2019, the UK's lowest annual economic growth since the 2008-2009 global financial crisis. Unemployment has remained low, at approximately 3.8% in 2019. Forecasts from late 2019 expected growth to be approximately 1.5% in 2020,[19] but in March 2020, the Bank of England warned that the COVID-19 pandemic was likely to result in a sharp downturn.[20]

Observers have noted considerable unease among some of the many multinational corporations that have chosen the UK as their EU headquarters; these corporations continue to face uncertainty about the UK's trade and economic arrangements and the corresponding legal and regulatory frameworks. The uncertainty and potential risks of Brexit have led some such large companies to either move or consider moving their EU base, along with attendant jobs and capital, elsewhere. Of particular consequence, with half of the world's financial firms basing their European headquarters in London and employing one million people, is the loss of the UK's EU "passporting" rights, whereby a financial company incorporated in one member state can carry

[18] Tony Connelly, "EU and UK are Poles Apart on the Irish Protocol," *RTÉ News*, February 15, 2020.

[19] Economic statistics are from International Monetary Fund, *World Economic Outlook Database*, October 2019.

[20] Chris Giles and Valentina Romei, "Bank Of England Warns Of 'Very Sharp' Economic Downturn," *Financial Times*, March 26, 2020.

out activities in all other member states without establishing a separate entity or obtaining a separate authorization.[21]

The UK has emphasized a desire both to preserve the trade arrangements it currently has through EU agreements with approximately 70 countries by transitioning the deals to a bilateral basis and to negotiate new trade agreements with other international partners.[22] The UK government has not conducted trade negotiations at the national level since transferring competence over a common commercial policy to the EU in 1973, but it has been building up the capacity of a new Department for International Trade created in 2016. During the transition period, the UK can negotiate trade deals, but it may not conclude or implement any such agreements until after any transition period has ended.

Brexit and UK Foreign and Defense Policy

Brexit has forged opposing viewpoints about the potential trajectory of the UK's international influence in the coming years. The Conservative Party-led government has outlined a post-Brexit vision of a Global Britain that benefits from increased economic dynamism; remains heavily engaged internationally in terms of trade, foreign policy, and security issues; maintains close foreign and security policy cooperation with both the United States and the EU; and retains "all the capabilities of a global power."[23] Other observers contend that Brexit reduces the UK's ability to influence world events and that, without the ability to help shape EU foreign policy, the UK will have less influence in the rest of the world.[24]

NATO remains the preeminent transatlantic security institution, and in the context of Brexit, UK leaders have emphasized their continued commitment to be a leading country in NATO. The UK has taken a strong role in efforts to deter Russian aggression. As part of NATO's Enhanced Forward Presence, the UK leads a multinational battlegroup in Estonia with 800 troops, augmented by 330 troops from France.[25] The unit is based in Tapa, about 100 miles from the Russian border. The UK additionally contributes 140 troops to the U.S.-led multinational battlegroup in Poland. The UK remains a leading contributor to Operation Resolute Support, the NATO-led training and assistance mission in Afghanistan, with 1,100 UK soldiers taking part as of February 2020.[26]

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[21] Sam Fleming et al., "Can the UK and EU Reach a Compromise on Financial Services?," *Financial Times*, February 11, 2020. Also see European Parliament Directorate-General for Internal Policies, *Brexit: The United Kingdom and EU Financial Services*, December 9, 2016.

[22] Overall, a 2017 analysis by the *Financial Times* found that Brexit would test the UK's bureaucratic capacity with the need to renegotiate 759 separate international agreements with over 160 countries (including 295 agreements related to trade, 202 on regulatory cooperation, 69 on fisheries, 65 on transport, 49 on customs, 45 on nuclear issues, and 34 on agriculture). See "After Brexit: The UK Will Need to Renegotiate At Least 759 Treaties," *Financial Times*, May 30, 2017.

[23] Foreign and Commonwealth Office, Cabinet Office, and Prime Minister's Office, *Global Britain: Delivering on Our International Ambition*, September 23, 2019, at https://www.gov.uk/government/collections/global-britain-delivering-on-our-international-ambition and Jeremy Hunt, "Britain Has Been Shaping the World for Centuries. That Won't Change with Brexit," *Washington Post*, March 28, 2019.

[24] Emilio Casalicchio, "UK Will Be 'Diminished' After Brexit, Rutte Warns Tory Leadership Hopefuls," *Politico*, June 20, 2019, and "UK to Lose Global Influence After Brexit - Lord Hague," BBC News, July 6, 2017.

[25] NATO, "NATO's Enhanced Forward Presence," factsheet, October 2019. Also as part of NATO's Enhanced Forward Presence, the United States leads a multinational battlegroup in Poland, Canada leads in Latvia, and Germany leads in Lithuania.

[26] NATO, *Resolute Support Mission (RSM): Key Facts and Figures*, February 2020.

In 2019, the UK's defense expenditures were sixth-largest in the world (behind the United States, China, Saudi Arabia, Russia, and India), approximately $54.8 billion.[27] The UK is also one of nine NATO countries to meet the alliance's defense spending benchmark of 2% of GDP (according to NATO, the UK's defense spending was 2.14% of GDP in 2019).[28]

In February 2020, the UK government formally launched an Integrated Review of Security, Defense, Development, and Foreign Policy.[29] The purpose of the review is to define the government's "ambition for the UK's role in the world and the long-term strategic aims for … national security and foreign policy"; examine how to work more effectively with allies; determine risks and threats likely to be faced over the coming decade and the capabilities needed to address them; identify necessary government reforms; and set out a plan for implementation and evaluation.[30] Underpinning the report are continued commitments for the UK to maintain at least 2% of GDP on defense spending and 0.7% of gross national income (GNI) on international development aid and to maintain its nuclear deterrent. The report, expected to be released in late 2020, is to be compiled by a cross-government team, in consultation with nongovernment experts, reporting to the prime minister and the National Security Council.

A Strategic Defence and Security Review (SDSR) published in 2015 committed the UK to maintaining a minimum defense spending level of 2% of GDP; increasing defense spending by 0.5% above inflation annually through 2021; increasing the budget for equipment acquisition over the ensuing 10 years (totaling £178 billion, or approximately $210 billion); and devoting considerably greater resources to the country's intelligence and security agencies.[31] Among the acquisitions set out in the SDSR are 2 new aircraft carriers (HMS *Queen Elizabeth* and HMS *Prince of Wales*), 138 F-35s, new warships, and the renewal of the Trident nuclear deterrent. (With 65,000 tons displacement, the *Queen Elizabeth* class carriers are the largest ships ever built for the Royal Navy. By comparison, the new U.S. *Gerald R. Ford* class carriers have 100,000 tons displacement.) The SDSR was published in the wake of defense spending cuts over the period 2011-2015, taking place in the context of a broad national austerity program, which reduced the size of the armed forces by 17%.[32] Experts assert that the cuts, combined with other associated decisions about personnel, equipment, and operational readiness, reduced the UK's conventional military combat capability by 20%-30%.[33]

Despite the subsequent recommitment to maintaining defense spending, the International Institute for Strategic Studies' *Military Balance 2020* concluded that the UK "will likely continue to struggle to fund its current capabilities, arrest a decline in personnel numbers, and manage the risk to its equipment-modernisation," notwithstanding a two-year £2.2 billion (approximately $2.6 billion) increase in the 2019 defense budget.[34] Negative economic effects from Brexit or the

[27] International Institute for Strategic Studies, *The Military Balance 2020*, p. 21.

[28] NATO Public Diplomacy Division, *Defence Expenditures of NATO Countries (2013-2019)*, November 29, 2019.

[29] See UK Parliament, *Integrated Review of Security, Defence, Development and Foreign Policy: Written Statement - HCWS126*, February 26, 2020. Also see Peter Roberts, *Britain's Integrated Defence and Security Review: Which Shibboleths?*, Royal United Services Institute (RUSI), February 13, 2020.

[30] UK Parliament, *op. cit.*

[31] HM Government, *National Security Strategy and Strategic Defence and Security Review 2015*, at https://www.gov.uk/government/publications/national-security-strategy-and-strategic-defence-and-security-review-2015.

[32] UK Ministry of Defence, *UK Defence Statistics Compendium 2014*, November 27, 2014.

[33] International Institute for Strategic Studies, *The Military Balance 2016*, p. 68.

[34] International Institute for Strategic Studies, *The Military Balance 2020*, p. 82.

COVID-19 pandemic, including a decline in the value of the pound, could exacerbate concerns about the UK's ability to maintain defense spending, investment, and capabilities.

Counterterrorism

Counterterrorism remains a national security priority for the UK. In the decade after four suicide bombers killed 52 people and injured more than 700 in central London on July 7, 2005, authorities reportedly disrupted about 40 major terrorist plots against the UK.[35] Between 2017 and 2019, there were at least seven terrorist incidents in the UK perpetrated by Islamist extremists, including car and knife attacks in London and Manchester and a suicide bombing at a music concert in Manchester.[36] The capacity of the Islamic State terrorist group to direct or inspire attacks in Europe remains a top concern. Experts have estimated that approximately 850 people traveled from the UK to train or fight with the Islamic State or other terrorist groups in Syria and Iraq, and that approximately 425 such individuals have returned home.[37] Like their European counterparts, UK officials have been reluctant to repatriate captured Islamic State fighters who are UK citizens.[38] Far-right terrorism has also been a growing concern in the UK, following the murder of Member of Parliament Jo Cox in 2016 and an attack on a mosque in London in 2017.

The UK adopted a new Counter-Terrorism and Security Act in 2015 that enhanced the country's already relatively extensive body of counterterrorism legislation. Among other provisions, the act broadened the powers of police and border officials to confiscate the passports of terrorism suspects; introduced new powers to ban suspected terrorists with British passports from the country; required mobile phone and internet service providers to retain data for use in terrorism investigations; and placed a new legal duty on relevant institutions (e.g., prisons, universities, schools, and mosques) to report extremism and develop policies to deal with radicals and extremist speakers.[39]

In 2016, in response to concerns raised by civil liberty and privacy groups, the UK adopted a new Investigatory Powers Act intended to update the legal framework governing surveillance activities and clarify authorization procedures, privacy constraints, transparency requirements, and other safeguards.[40] Critics have brought legal challenges against the law, charging that it also granted the government sweeping new powers to collect and retain data and force technology companies to share information.[41]

In February 2019, the UK adopted the Counter-Terrorism and Border Security Act. The act includes provisions increasing the maximum penalty for certain offenses related to preparing a terrorist attack; updating the offense of downloading material useful to a terrorist to cover

[35] "UK Faces Biggest Terrorism Threat in Its History - Theresa May," Reuters, November 24, 2014.

[36] "Terror In The UK: Timeline Of Attacks," *Sky News*, February 2, 2020.

[37] "How Many IS Foreign Fighters Are Left In Iraq And Syria?," BBC News, February 20, 2019.

[38] H.J. Mai, "Why European Countries Are Reluctant To Repatriate Citizens Who Are ISIS Fighters," *NPR*, December 10, 2019.

[39] See UK Home Office, *Counter-Terrorism and Security Act*, February 12, 2015, https://www.gov.uk/government/collections/counter-terrorism-and-security-bill.

[40] See UK Home Office, *Investigatory Powers Act*, December 18, 2017, https://www.gov.uk/government/collections/investigatory-powers-bill.

[41] "Rights Group Loses Mass Surveillance Appeal In High Court," BBC News, July 28, 2019.

material that is viewed or streamed; and requiring those convicted of terrorism offenses to provide police with additional registry information after release.[42] In the context of the 2018 Skripal attack, in which UK officials charge that Russian intelligence operatives poisoned a Russian dissident and his daughter with a nerve agent in Salisbury, England, the Counter-Terrorism and Border Security Act grants authorities enhanced powers to stop and search individuals at ports and borders suspected of carrying out hostile activity on behalf of a foreign country.

In February 2020, the UK adopted the Terrorist Offenders Act blocking the automatic early release of prisoners convicted of terrorism offenses. The legislation was prompted by a November 2019 terrorist attack in London committed by a prior offender who had been released after serving half his sentence.[43] Prior to the new act, convicted terrorists had been automatically released at a fixed point in their sentence with no parole board assessment or oversight.[44]

U.S.-UK Relations

Political Relations and Foreign Policy Issues

The UK's "special relationship" with the United States has been a cornerstone of British foreign policy, to varying degrees and with some ups and downs, since the 1940s. The UK is often perceived to be the leading allied voice in shaping U.S. foreign policy debates, and observers assert that the UK's status as a close ally of the United States has often served to enhance its global influence. British support, in turn, has often helped add international credibility and weight to U.S. policies and initiatives, and the close U.S.-UK partnership has served common interests in bodies such as the U.N., NATO, and other multilateral institutions.

The UK continues to look to the United States for close partnership and has sought to reinforce its U.S. ties following Brexit. Post-Brexit developments in relation to the UK's global role and influence are likely to have consequences for perceptions of the UK as either an effective or a diminished partner for the United States. President Trump has expressed a largely positive view of the UK and made his first official state visit there in June 2019 (he also visited in July 2018). Since 2016, President Trump has been outspoken in repeatedly expressing his support for Brexit.[45] President Trump counts leading Brexit supporters, including Boris Johnson and Brexit Party leader Nigel Farage, among his personal friends.[46] He publicly criticized Theresa May's handling of Brexit and stated during the most recent Conservative leadership race that Boris Johnson would "make a great prime minister."[47] President Trump repeated his support for Johnson prior to the December 2019 UK election and celebrated Johnson's win, writing on social

[42] See UK Home Office, *Counter-Terrorism and Border Security Bill Given Royal Assent*, February 12, 2019, https://www.gov.uk/government/news/counter-terrorism-and-border-security-bill-given-royal-assent.

[43] Elian Peltier, "U.K. Promises Stronger Terrorism Laws After Knife Attack by Convict," *New York Times*, January 21, 2020.

[44] Jamie Grierson, "UK Freed 42 Terrorists In Year Before Law To Detain Extremists For Longer," BBC News, March 5, 2020.

[45] Sam Levin, "Donald Trump Backs Brexit, Saying UK Would Be 'Better Off' Without EU," *Guardian*, May 5, 2016 and Justin Wise, "Trump Says He Supports UK Leaving EU Without a Brexit Deal," *The Hill*, June 2, 2019.

[46] Steve Holland and Guy Faulconbridge, "Ahead of UK Visit, Trump Praises Brexit-Supporting 'Friends' Johnson and Farage," Reuters, May 30, 2019.

[47] Max Greenwood, "Trump: Boris Johnson Would 'Make a Great Prime Minister'," *The Hill*, July 12, 2019.

media that the election outcome would allow the United States and UK to reach a new trade deal.[48]

At the same time, President Trump remains a highly controversial figure in the UK, and polls indicate that a large percentage of the British public views him negatively.[49] There have been various tensions in the bilateral relationship over substantive policy differences between the UK government and the U.S. Administration and backlash from the UK side over several incidents and statements made by the President.[50]

During the Trump Administration, the United States and the UK have maintained close cooperation on major foreign policy issues, such as counterterrorism, combating the Islamic State, and seeking to deter Russian aggression. U.S.-UK divisions exist on several other key issues, however. Successive UK governments have defended both the Joint Comprehensive Plan of Action agreement (known as the "Iran nuclear deal") and the Paris Agreement (known as the "Paris climate agreement") and disagreed with the Trump Administration's decisions to withdraw the United States from those agreements.[51] UK officials have also expressed concerns about U.S. policies and lack of consultation in instances such as the January 2020 U.S. strike that killed Iranian General Qasem Soleimani in Iraq and the October 2019 Turkish incursion into Syria.[52]

Despite the close relationship between President Trump and Prime Minister Johnson, there are no clear indications that a post-Brexit UK might reverse course on either the Iran nuclear deal or climate change to align with the views of the Trump Administration.[53] Additionally, in January 2020, the UK government announced that it would allow Chinese telecom equipment company Huawei to build parts of the UK's 5G cellular network, despite U.S. calls to boycott Huawei due to security risks.[54] Some observers note that on such issues, and despite Brexit, UK foreign policy positions remain closer to those of its former EU partners than the United States. On the other hand, Prime Minister Johnson has expressed support for the Middle East Peace Plan announced by the Trump Administration in January 2020, reversing May's earlier criticism of the Administration's recognition of Jerusalem as Israel's capital.[55]

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[48] Donald J. Trump @realDonaldTrump, Twitter, December 13, 2019.

[49] Alexander Smith, "Trump Is So Unpopular In The U.K. That Some Are Lining Up For A Fight," *NBC News*, December 3, 2019.

[50] See, for example, "Sir Kim Darroch: UK Ambassador to US Resigns in Trump Leaks Row," BBC News, July 10, 2019, Peter Baker, "Trump Renews Feud With London Mayor, Calling Him a 'Disaster'," *New York Times*, June 15, 2019, Tom Embury-Dennis, "UK Government's Spy Agency Condemns Trump Statement as 'Utterly Ridiculous' and Says President 'Should Be Ignored'," *Independent*, April 23, 2019, Guy Faulconbridge, "Trump Says He 'Would Apologize' for Sharing British Far-Right Videos," Reuters, January 26, 2018, and Karla Adam and Jennifer Hassan, "Trump Blames 'Bad Deal' For London Trip Cancellation. But Brits Think They Scared Him Away," *Washington Post*, January 12, 2018.

[51] Foreign and Commonwealth Office, *Foreign Secretary's Statement on the Iran Nuclear Deal Following Brussels Meeting*, January 11, 2018.

[52] Mark Landler, "Boris Johnson's Balancing Act With Trump And Europe On Iran" *New York Times*, January 6, 2020 and Dan Sabbagh, "UK Voices Concerns Over A Turkish Invasion Of Kurdish-Run Syria," *Guardian*, October 8, 2019.

[53] Danielle Sheridan and Asa Bennett, "Britain Has a 'Responsibility' to Lead the Charge on Climate Change, Boris Johnson Says," *The Daily Telegraph*, February 4, 2020 and "UK Open to Broader Iran Deal That Tackles Destabilizing Behavior: Raab," Reuters, January 14, 2020.

[54] Jack Arnholz, "US Senators Urge UK To Boot Tech Giant Huawei From 5G Deal," *ABC News*, March 4, 2020, "Huawei: US 'To Work With' UK Over Chinese Firm," BBC News, January 30, 2020 and Max Colchester, "U.K. Allows Huawei to Build Parts of 5G Network, Defying Trump," *The Wall Street Journal*, January 29, 2020.

[55] Rowena Mason, "Boris Johnson Praises Trump's Middle East Peace Plan at PMQs," *Guardian*, January 29, 2020 and Prime Minister's Office, *PM Statement on US Decision to Move Embassy to Jerusalem*, December 6, 2017.

Security and Defense Relations

The UK and the United States have a particularly close defense relationship and a unique intelligence-sharing partnership. U.S. defense planners have long viewed the UK as one of the most capable European allies—if not *the* most capable, alongside France—in terms of well-trained combat forces and the ability to deploy them. Observers note that the United States and the UK have long tended to have similar outlooks on issues such as the use of force, the development of military capabilities, and the role of NATO. Analysts believe that close U.S.-UK cooperation will continue for the foreseeable future in areas such as counterterrorism, intelligence, and the future of NATO, as well as numerous global and regional security challenges.

Despite consternation in the UK about U.S. troop withdrawals in advance of Turkey's October 2019 military operation in northern Syria, analysts also expect the UK to remain a key U.S. partner in operations to combat the remaining elements of the Islamic State in Iraq and Syria. UK armed forces participating in U.S.-led coalition efforts against the Islamic State have conducted airstrikes (by Typhoon and Tornado aircraft and unmanned Reaper drones) and engaged in surveillance, intelligence gathering, logistical support, and training of Iraqi forces.

The UK hosts about 9,500 U.S. military personnel as well as airbases, equipment, radar sites, and intelligence centers. The U.S. Air Force plans to increase personnel at RAF Lakenheath, the largest U.S. base in the UK with approximately 5,500 personnel and home to an F-15 fighter wing, in anticipation of basing two squadrons of F-35s there by 2021.

A 1958 U.S.-UK Mutual Defense Agreement established unique cooperation with regard to nuclear weapons, allowing for the exchange of scientific information and nuclear material. Additionally, since the signing of the 1963 U.S.-UK Polaris Sales Agreement, the United States has sold the UK equipment and associated services for a submarine-launched strategic weapons delivery system. The UK's nuclear deterrent consists of several Vanguard class submarines, each armed with up to 16 Trident missiles.

The United Kingdom and the United States are key partners in terms of defense industry cooperation and defense sales. The two countries are engaged in more than 20 joint equipment programs, including the F-35 Joint Strike Fighter. Most major U.S. defense companies have a UK presence; numerous British companies, most notably BAE Systems, operate in the United States. British defense companies' U.S. operations tend to be part of a larger supply chain, with sales consisting mostly of components and niche equipment rather than entire platforms.

In 2007, in an effort to address long-standing British concerns about U.S. technology-sharing restrictions and export controls, the countries signed a Treaty Concerning Defense Trade Cooperation.[56] The treaty eliminates individual licensing requirements for certain defense articles and services controlled under the U.S. International Traffic in Arms Regulations. The agreement is reciprocal and is intended to cover defense equipment for which the U.S. and UK governments are the end-users. It also calls for the creation of "approved communities" of companies and individuals in each country with security clearances to deal with technological transfers.

[56] The U.S. Senate passed a resolution of advice and consent to ratification of the treaty in 2010. The treaty is numbered 110-7.

While maintaining close defense cooperation with the UK, U.S. officials have expressed concerns about UK defense spending and reductions in the size and capabilities of the British military in recent years.[57]

Counterterrorism and Intelligence Cooperation

Most analysts and officials agree that U.S.-UK intelligence and counterterrorism cooperation is close, well established, and mutually beneficial. UK agencies routinely cooperate with their U.S. counterparts in sharing information, and U.S. and British law enforcement and intelligence agencies regularly serve as investigative partners. The United States and the UK also cooperate through the Five Eyes partnership, an intelligence alliance that includes Australia, Canada, and New Zealand. Although many of the details and achievements remain secret, U.S.-UK intelligence and counterterrorism cooperation reportedly has disrupted multiple terrorist operations against both countries in recent years, including a series of major plots in the decade following the 9/11 terrorist attacks.[58] In a January 2020 visit to the UK, U.S. Secretary of State Mike Pompeo asserted that U.S.-UK intelligence cooperation would continue despite past suggestions by U.S. officials that including Huawei equipment in the UK's mobile network could result in limitations on intelligence sharing.[59]

Economic Relations[60]

The U.S.-UK bilateral investment relationship is the largest in the world. In 2018 (latest data available), U.S. foreign direct investment (FDI) in the UK was $758 billion, and UK FDI in the United States was $561 billion.[61] U.S.-based affiliates of UK-owned companies employed approximately 1.2 million U.S. workers in 2018, and UK-based affiliates of firms employed 1.5 million people in the UK.[62] The UK is also a major U.S. trading partner. In 2018, U.S. exports of goods and services to the UK were worth $140.8 billion, and U.S. imports of goods and services from the UK were worth $122.1 billion.[63]

President Trump has repeatedly indicated he favors reaching a U.S.-UK FTA quickly. Some Members of Congress also have backed negotiating an FTA with the UK. On October 16, 2018, the Trump Administration formally notified Congress under Trade Promotion Authority (TPA) of its intent to enter into negotiations with the UK on a bilateral trade agreement. Some experts view a U.S.-UK FTA as relatively easy to conclude, given the two countries' close relationship and broadly similar outlooks with regard to trade. Others suggest that a number of obstacles and

[57] See, for example, Steven Erlanger, "Austerity-Battered U.K. 'Retreating Behind a Nuclear Shield,'" *New York Times*, April 27, 2019 and Ewen MacAskill, "US Defence Secretary Intervenes in UK Military Budget Row," *Guardian*, July 2, 2018.

[58] See British Prime Minister's Office, *US and UK Counterterrorism Cooperation*, at http://www.number10.gov.uk/news/counterterrorism-cooperation/.

[59] William James, "Pompeo backs 'Five Eyes' Intelligence Sharing Despite UK Decision On Huawei," Reuters, January 30, 2020.

[60] For additional information, see CRS In Focus IF11123, *Brexit and Outlook for U.S.-UK Free Trade Agreement*, by Shayerah Ilias Akhtar and CRS Report R45944, *Brexit: Status and Outlook*, coordinated by Derek E. Mix.

[61] U.S. Bureau of Economic Analysis data.

[62] U.S. Bureau of Economic Analysis.

[63] U.S. Bureau of Economic Analysis.

concerns on both sides could make negotiations on a comprehensive FTA more difficult and prolonged than proponents suggest.[64]

Northern Ireland[65]

Many Members of Congress have supported the Northern Ireland peace process for decades. Over the last several years, congressional hearings have focused on the implementation of the Good Friday Agreement, policing reforms, and human rights in Northern Ireland. Some Members have been interested in the status of public inquiries into several past murders in Northern Ireland in which collusion between the security forces and paramilitary groups is suspected. Some Members also urged the Trump Administration to name a special envoy for Northern Ireland to signal continued U.S. commitment to the region; in March 2020, President Trump appointed then-acting White House Chief of Staff Mick Mulvaney to the position.[66]

Some Members of Congress have demonstrated an interest in how Brexit might affect Northern Ireland and expressed continued support for the Good Friday Agreement. Although many Members back a future U.S.-UK FTA post-Brexit, some Members also have tied their support to protecting the Northern Ireland peace process.[67] On December 3, 2019, the House passed H.Res. 585, reaffirming support for the Good Friday Agreement in light of Brexit and asserting that any future U.S.-UK trade agreement and other U.S.-UK bilateral agreements must include conditions to uphold the peace accord. Other Members of Congress have not directly tied their support for a bilateral U.S.-UK FTA to protecting Northern Ireland post-Brexit.[68]

Conclusion

The UK is likely to remain a strong U.S. partner, and Brexit is unlikely to cause a dramatic makeover in most aspects of the U.S.-UK relationship. Analysts believe that close U.S.-UK cooperation will continue for the foreseeable future in areas such as counterterrorism, intelligence, economic issues, and the future of NATO, as well as on numerous global and regional security challenges. NATO remains the preeminent transatlantic security institution, and UK leaders have indicated their continued commitment as a leading country in NATO. UK officials have emphasized that Brexit does not entail a turn toward isolationism and that the UK intends to remain a global leader in international diplomacy, security issues, trade and finance, and development aid.

The future of the relationship still faces a number of broad concerns and uncertainties. As discussed above, observers hold differing views as to whether Brexit will ultimately reinvigorate or diminish the UK's global power and influence in foreign policy, security, and economic issues.

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[64] Emre Peker and Jason Douglas, "Trump-Backed U.S.-British Trade Deal Faces Hurdles," *Wall Street Journal*, August 27, 2019.

[65] See CRS Report R46259, *Northern Ireland: The Peace Process, Ongoing Challenges, and U.S. Interests*, by Kristin Archick.

[66] U.S. Department of State, "Announcement of Mick Mulvaney as Special Envoy to Northern Ireland," press statement, March 11, 2020.

[67] In April 2019, House Speaker Nancy Pelosi reportedly said there would be "no chance whatsoever" for a U.S.-UK trade agreement if Brexit were to weaken the Northern Ireland peace process. Simon Carswell, "Pelosi Warns No US-UK Trade Deal if Belfast Agreement Weakened by Brexit," *Irish Times*, April 15, 2019.

[68] Senator Chuck Grassley, "Grassley Joins Colleagues in Letter Pledging to Back Britain After Brexit," press release, August 6, 2019.

UK officials have also had concerns about the direction of U.S. foreign policy during the Trump Administration, including with regard to views toward NATO and multilateralism, as well as a lack of consultation and coordination in a number of decisions. In January 2020, UK Defense Secretary Ben Wallace expressed the view that the UK may be forced to rethink the assumption that its armed forces would always fight as part of a U.S.-led coalition, and that the upcoming UK defense review should be used to make the UK less dependent on U.S. assets.[69]

Brexit could have a substantial impact on U.S. strategic interests in relation to Europe and with respect to possible implications for future developments in the EU. With the UK commonly regarded as the strongest U.S. partner in the EU, a partner that commonly shares U.S. views, and an essential voice in efforts to develop stronger EU foreign and defense policies, some U.S. officials have conveyed concerns that the UK's withdrawal could make the EU a less capable and less reliable partner on foreign policy and security issues.

Brexit appears to be a factor in prompting the EU to place renewed emphasis on moving ahead with developing shared capabilities and undertaking military integration projects under the EU Common Security and Defense Policy (CSDP). In the past, the UK has irritated some of its EU partners by essentially vetoing initiatives to develop a stronger CSDP, arguing that such efforts duplicate and compete with NATO. In recent years, U.S. officials generally have supported EU initiatives aimed at increasing European defense capabilities; but they continue to urge that such efforts do not duplicate or compete with NATO activities and warn against excluding U.S. industry from participating in EU defense projects.[70]

More broadly, U.S. officials have long urged the EU to move beyond what is often perceived as a predominantly inward focus on treaties and institutions, in order to concentrate more effort and resources toward addressing a wide range of shared external challenges (such as terrorism and instability to Europe's south and east). Some observers note that Brexit has pushed Europe back into another prolonged bout of internal preoccupation, consuming a considerable degree of UK and EU time and personnel resources in the process.

The COVID-19 pandemic in the UK, Europe, and the United States since March 2020 appears likely to overtake all previous concerns in terms of scale and urgency. The societal and economic effects of the pandemic appear likely to become the predominant global challenge for the near-term future.

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[69] "Ben Wallace: UK 'Must Be Prepared To Fight Wars Without US'," BBC News, January 12, 2020.

[70] Valerie Insinna, "US Officials Threaten Retribution For European Union's Restrictions On Defense Fund," *DefenseNews*, June 19, 2019 and Aaron Mehta, "US Cautiously Watching EU Military Proposal," *DefenseNews*, February 13, 2018.

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